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ABSTRACT

This is a classroom-ready program about the U.S. economy's number one challenge: globalization. Few historical forces have more power to shape students' lives than globalization, the gradual economic integration of all the world's nations. This program is designed to supplement social studies courses in economics, government, U.S. and world history, world cultures, and geography. The unit contains a newsletter for students in grades 9-12, four reproducible activity masters included in a four-page teacher's guide, and a full-color map, "The Global Marketplace," presented as a full-sized wall poster. The learning objectives are: (1) to define the word 'globalization' as it relates both to the merging of the world's economies and to shifts in the way U.S. corporations operate; (2) to explain why globalization requires workers at all levels to have more flexibility, more skills, and more knowledge; (3) to list two advantages of globalization for consumers; (4) to describe at least two challenges of globalization for businesses; (5) to list three main categories of goods that are exported and imported by the United States; and (6) to explain how the history of U.S. tariffs reflects a continual debate between protectionists and free traders. (LB)

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Global Visions. Teaching Suggestions and Activity Masters for Unit 1: The Global Marketplace.

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Teaching Suggestions and Activity Masters for Unit 1 of

GLOBAL VISIONS

Dear Educator:

Few historical forces have more power to shape your students' lives than globalization, or the gradual economic integration of all the world's nations. "The competitive pressures of the global economy," says Harvard professor Rosabeth Moss Kanter in her new book, *World Class*, are "dramatically changing the nature of work, the structure of power and success, and the nature of everyday life."

Wrenching as some of those changes may be, most experts see little to mourn. The communications technology that makes globalization possible is in itself an enormous plus, enabling us to communicate instantaneously with practically anyone on the planet. What's more, the binding together of the world's economies has granted consumers new power. Wherever they live, consumers can demand—and usually get—superior goods, more efficient services, and lower prices.

Still, globalization is not an easy process to understand or evaluate. While it may benefit consumers and producers in one country, it may present hard choices in another. Learning Enrichment, Inc. has created *Global Visions* to increase your students' awareness of this economic revolution and to help them measure its impact on their lives.

This unit is the first of a series that you will receive free of charge. To receive a personal copy addressed to you by name, simply check the appropriate box on the enclosed Survey/Order Card.

Procter & Gamble is funding the program as part of its ongoing commitment to education. While we draw examples of globalization from companies other than P&G, P&G is the company we know best. For that reason we have drawn heavily on P&G's experiences in these materials.

Global Visions was designed to supplement social studies courses in economics, government, American and world history, world cultures and geography. Please let us know your reaction to Unit 1 by returning the enclosed postpaid Survey/Order Card.

C Talbot

Carol Talbot
Educational Services
The Procter & Gamble Company

P&G

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Student Materials in this Unit

Global Visions **includes:**

- **A full-sized wall poster, "The Global Marketplace"**
- **30 copies of a four-page newsletter designed to introduce high school students to the concept of globalization**
- **4 reproducible activity masters—on (1) what the U.S. trades abroad; (2) how tariff barriers have risen and fallen throughout U.S. history; (3) the challenge of deciding which foreign market to enter; and (4) the need for global marketers to be sensitive to cultural differences.**

Learning Objectives

The main goal of *Global Visions* is to help your students explore the economic forces that are shaping their world—and their futures. Students using the materials in this unit should be able:

- **to define the word *globalization* as it relates both to the merging of the world's economies and to shifts in the way U.S. corporations operate;**
- **to explain why globalization requires workers at all levels to have more flexibility, more skills, and more knowledge;**
- **to list two advantages of globalization for consumers;**
- **to describe at least two challenges of globalization for businesses;**
- **to list the three main categories of goods that Americans export and import;**
- **to explain how the history of U.S. tariffs reflects a continual debate between protectionists and free traders.**

Getting Started

How does the free trade of goods across national boundaries affect the price and quality of the products your students buy? How does it affect individual workers—their wages, benefits, and the requirements for jobs they hold?

Tell students that they will learn answers to these questions and more when they work with this unit of *Global Visions*. Before you distribute copies of the newsletter, however, take a few moments to prepare your students.

● **Product inventory**. Encourage your students to discover just how enmeshed they are in the global economy. Challenge them to help you list products they own or consume that were made abroad. How does the list suggest that they are living in what Rosabeth Moss Kanter, in her book *World Class*, calls "the global shopping mall"? Who are the sellers at this mall? (People from all nations.) Who are the buyers? (Ditto.) What does the list suggest about the reasons people trade with their counterparts abroad? (People trade with the expectation that they will gain—either income or goods and services they want.)

● **Display the poster, "The Global Marketplace."** Is the title accurate—or inaccurate? What does the title describe? (U.S. trade with eight regions around the world.) What regions are the most active, in terms of U.S. trade? (About 34.7 percent of our trade is with East Asia, 31.4 percent is with North & Central America, and 22 percent is with Europe.) What might the nations of Africa and of Southwest, Central & South Asia do to spur trade with the U.S. over the next 20 to 30 years? (Create active export economies, such as those spawned in recent decades by Taiwan, Singapore and Malaysia.)

What is a *trading partner?* (A nation whose people trade with the people of another nation.) Students might like to know that, in 1994, the top 10 trading partners of the U.S. were Canada, Japan, Mexico, the United Kingdom, Germany, China, Taiwan, South Korea, France and Singapore, in that order. U.S. trade with Canada alone amounted to $242.8 billion. What advantage does Canada have over other U.S. trading partners? (Proximity to the world's largest market.)

Note: Expect students who tally U.S. exports to all regions to come up about $253 million short of the $512.6 billion figure the poster gives for U.S. exports in 1994. The reason: $250.8 million worth of exports were sold to international organizations that operate in all regions. Another $1.9 million in U.S. exports reached destinations that the Foreign Trade Division of the U.S. Census Bureau was unable to identify.

● **Clarify terms.** You might want to preview those terms with which your students might be unfamiliar. From the student newsletter: *global, globalization, offshore, competitor, detergent, catalytic converters.* From the reproducibles: *services, tariff, free trader, protectionist.*

Teaching the Student Materials

The newsletter and activity masters have been designed to motivate your students to learn about the emerging global economy. Background information on each piece follows, along with suggestions for teaching strategies and discussion activities.

Cooperative approach to the newsletter: Have students read "Introducing *Global Visions*" and the Cover Story, "American Business Goes Global." After discussion, give them time to read the rest of the newsletter. Then divide students into four "interest groups" of three to five students each. Have one group focus on "Selling Ariel," the second on "Making Global Partnerships Work," the third on "Pioneers," and the fourth on "Continuous Learning." What three things did each group find most interesting about its assigned piece? Taken together, how, if at all, do these points describe elements of the emerging global economy?

Page 1:
"American Business Goes Global"

Overview: This introductory piece gives students a glimpse of the "global shopping mall" that is shaping the

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U.S. and world economies. It notes some of globalization's advantages to consumers and some of the pressures it puts on corporations and employees to produce top-quality goods at low cost. Finally, the piece explains how the shrinking global village has put a premium on speed as a tactic for success. Reducing the time between the identification of a market opportunity and the delivery of a product or service to meet that opportunity provides a real competitive advantage.

Discussion: Ask students to apply to their own lives Rosabeth Moss Kanter's observation that "People everywhere want to purchase the world's best without leaving home." How often do they think of a product's place of origin when they go to buy it? In her book *World Class*, Moss Kanter notes that companies best suited to global markets "share an emphasis on innovation, learning, and collaboration." These companies, she says, "rapidly feed customer needs and desires into new product and service concepts." They "set high goals" and hire "broad, creative thinkers." They "encourage enterprise" among employees, "support constant learning," and "collaborate with partners" to meet their customers' needs. In your students' opinion, how are such companies positioned to satisfy those people who want "the world's best without leaving home"?

Case Study: "Selling Ariel in Morocco"

Overview: This Case Study shows how a marketing team at Procter & Gamble used a commercial designed for Mexico to take advantage of an opportunity in North Africa.

Discussion: Refer to the map of Morocco in asking how Morocco's proximity to Spain (and, indeed, the Spanish enclaves of Ceuta and Melilla in northern Morocco) set up a market opportunity for P&G. How does this Case Study demonstrate the resourcefulness of companies with a global reach? How might a smaller company put P&G's three-part formula for global success to use? How might this story have ended if P&G had lacked any one of the three parts of the formula that led to its success in Morocco? How might P&G's three-pronged strategy help a company like Sony enlarge its market in the U.S.?

Page 2: "Making Global Partnerships Work"

Overview: This piece profiles Harry Torimoto, a 25-year-old native of Japan who has lived most of his life in the U.S. An engineer with a graduate degree in management, this first-year employee of Deere & Company serves as a bridge between his American company and its Japanese partners.

Discussion: How does Torimoto's job show that it's important, as he says, to have "the ability to understand other cultures"? In what ways might people in other lines of work—retail clerks, secretaries, mechanics and phone installers, for example—also need this ability? Have students list ways that U.S. teenagers can learn about other cultures.

Page 3: "Pioneers in the New Russia"

Overview: In Russia, 150 young P&G employees (all but a few of them native Russians) are teaching their Russian customers and suppliers American ways of doing business. There's nothing altruistic about it. To succeed in Russia, P&G's chairman points out, P&G must provide "our customers with information that will help them succeed."

Discussion: Familiarize students with the command economy that characterized Soviet life. Then spur discussion with questions like these: In what ways are the employees of P&G Russia changing their nation? What are P&G's Russian employees teaching that people in the U.S. take for granted? (Such lessons as the importance of advertising and the key role profit plays in an enterprise's health.)

Page 4: "Key to 21st-Century Success: 'Continuous Learning'"

Overview: A vice president of P&G Worldwide discusses the increasingly important role education plays today.

Discussion: What is "continuous learning," and why is it suddenly so important as an on-the-job requirement? How does P&G's plant in Lima, Ohio, show the importance of continuous learning? What do students think about the Lima system of having teammates rate each other's job skills? How might a similar system work in a high school, with students grading their classmates' mastery of course material?

Activity Master 1: "What Do Americans Trade?"

This exercise introduces your students to the scope of U.S. trade, in both goods and services. Are students surprised that we trade similar products with other nations? By one estimate, about 60 percent of the world's trade is *intraindustry* trade—the exchange of same or similar products. At first glance, it makes little sense to sell cars to the French and buy cars from them, too. But some economists explain this phenomenon by pointing out that consumers in today's "global shopping mall" demand a broader range of products than one country can produce. In 1990, in fact, U.S. consumers had their choice of no fewer than 567 automobile models!

Have students create a graph on your state's exports and imports. What are your state's five major exports and imports?

● **Answers.** 1-c; 2-b; 3-a; 4-c; 5-a; 6-b; 7-b; 8-a; 9-c; 10-b. *Thinking Critically:* For answers, students need look no further than the labels on their clothing and electronics. The labor-intensive manufacture of most consumer goods gives "low-wage" countries an edge. In 1994, about 60 percent ($87.5 billion) of American spending on imported consumer goods went for clothing, textiles, word processors, TVs, VCRs and stereo equipment.

Activity Master 2:
"Track U.S. Tariff Rates"

Use this exercise to show your students that tariffs were a controversial subject long before anyone ever thought of the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Act (NAFTA).

Background: The graph provides only a sampling of the tariff acts that the U.S. Congress has passed since 1789. The earliest tariffs were designed primarily to raise revenue for the government. After 1816, an urge to protect U.S. wool and iron producers, among others, culminated in the 1828 "Tariff of Abominations," lifting duties to their highest level in the nation's history. Eastern manufacturers, angry about having to pay higher prices for raw materials, persuaded Congress to remove many of the most objectionable features in 1832. Over the next 25 years, Congress expanded the list of items allowed into the U.S. duty-free, lowering the average tariff rate to about 20 percent. Protectionist sentiments gradually returned, and rates began rising again after 1861. Rates stayed high, despite a brief period of moderation (1909-21), until the Smoot-Hawley Tariff got blamed for deepening the Great Depression. Since 1934, the arguments for freer trade have been most persuasive. As the debate over NAFTA reminded us, however, the urge to use tariffs (or their cousins, quotas) to protect U.S. jobs and industries remains strong.

Note: The graph charts the tariff rates only on "dutiable" goods—that is, merchandise subject to an import tax. Only about 45 percent of the value of the merchandise that was imported in 1994 was subject to tax. The average tax on that merchandise amounted to 5.4 percent of its value.

● **Answers.** 1-c; 2-a; 3-a; 4-b; 5-b; 6-a; 7-c; 8-b; 9-c; 10-b. *Thinking Critically*: Answers will vary. You may want to point out that average U.S. tariff rates began trending downward before World War II. In 1934, U.S. President Franklin Roosevelt won authority from Congress to enter into agreements with other countries to drop specific duties based on the most-favored-nation (MFN) principle. (Under MFN, a concession made to one trading partner is automatically extended to all other partners.) But it wasn't until the late 1940s that the U.S. began to pursue free trade as a way of energizing the war-battered economies of the European democracies. It was a win-win situation, for the U.S. economy stood to gain, too.

Activity Master 3:
"Decide Which Market to Enter"

This exercise puts your students in the driver's seat, asking them to decide whether to risk Lavco, Inc.'s $20 million in Country A, with a developing, largely agrarian economy; or in Country B, a newly industrialized nation and an economic dynamo. Put students on the task in teams of three to five members. After small-group discussion of the risks and opportunities involved, have each team explain its decision to the class. Here is a clear example of the concept of an *opportunity cost*—that is, the value of the best alternative given up to do something.

● **Answers.** There are no right or wrong answers. On the face of it, the least risky move for Lavco would be to try to expand its business in Country B, where it already has a presence. However, Country A, trying to pick itself up after decades of being flattened economically, shows signs of promise. Over the past seven years, it has encouraged the development of private enterprise. Economic output is growing at a slightly higher rate than Country B's.

On the other hand, Country A's abysmal road and telephone systems might slow distribution of Lavco's products. The legal system is in disrepair, making one wonder what recourse Lavco would have if local suppliers failed to live up to their contracts. It's a tough call, and yet . . . Lavco's main competitor seems willing to take the risk.

Students may be interested to know after their discussions that the descriptions of the two hypothetical nations are drawn from real facts and figures. Country A's figures are those of Myanmar, as Burma is now called. Country B's figures are those of that economic powerhouse, Taiwan.

Activity Master 4:
"Spot the Ads That Fit"

The point of this exercise is to demonstrate one of the obstacles that globalizing companies have to surmount if they're to repeat their success in different cultures.

● **Answers.** This reproducible is designed like Activity Master 3 to spur discussion. Yet the careful reader will see that two of the ads (#2 and #3) make sense within the context of the way the average Japanese homemaker lives and thinks. One (#1) does not. All three, including the failure, describe ads that P&G's advertisers actually created. Ad #1: The Japanese have no need for a three-temperature detergent; they tend to wash all their clothes in cold water. Ad #2: This ad broke the taboo against comparative advertising in Japan, and it did it by carefully proving its assertion that women who have used both detergents prefer Ariel. Ad #3: What mother devoted to her child's health and welfare could resist this pitch? In 1995, the ad boosted Muse's market share by 21 percent, making it the market leader in Japan. *Thinking Critically*: Student responses are likely to reflect personal likes and dislikes. However, try to help them see that teenagers represent a subculture—a way of acting, thinking, and dressing that sets them apart.

Resources

Geography and Trade, by Paul Krugman. MIT Press, 1991.
Global Paradox, by John Naisbitt. William Morrow, 1994.
The Myth of Free Trade, by Ravi Batra. Scribner's, 1993.
What America Does Right: Lessons from Today's Most Admired Corporate Role Models, by Robert H. Waterman, Jr. W.W. Norton, 1994.
The Work of Nations: Preparing Ourselves for 21st Century Capitalism, by Robert Reich. Knopf, 1991.
World Class: Thriving Locally in the Global Economy, by Rosabeth Moss Kanter. Simon & Schuster, 1995.
The World Factbook 1995. U.S. Central Intelligence Agency, 1995.

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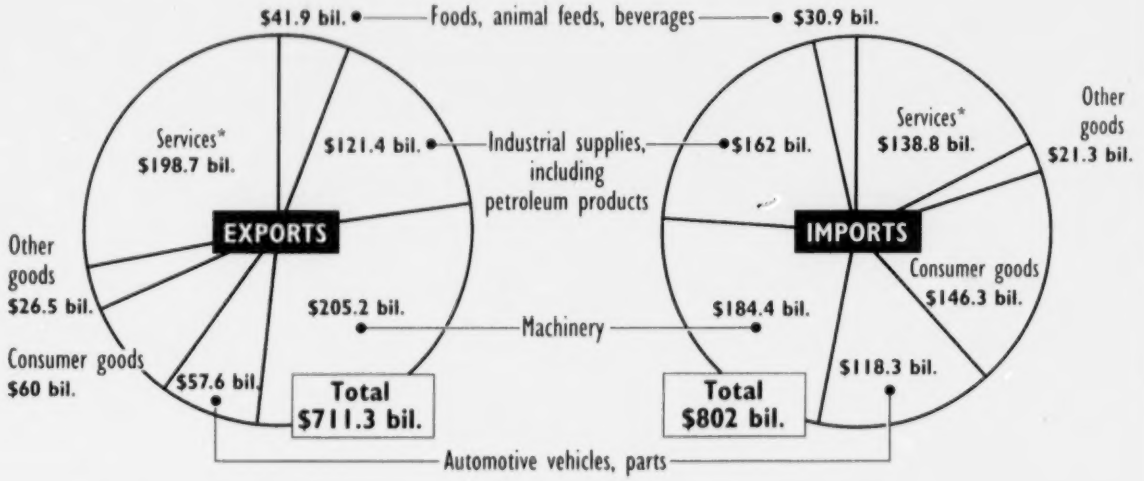
WHAT DO AMERICANS TRADE?

What goods and services do Americans trade with people in other nations? These two graphs suggest some answers. The questions will lead you to more.

U.S. Exports and Imports in 1994

(By main use)



*Services include travel costs, passenger fares, and other transportation; royalties and license fees; military and other government services; and miscellaneous private services, such as legal advice and financial transactions, including loans. Private services and tourism (travel and passenger fares) account for about 70% of all services.

Underline the word, phrase, or figure that best completes each statement.

1. The two graphs illustrate exports and imports of (a) goods only; (b) services only; (c) goods and services.
2. Each graph contains how many categories of *goods*? (a) 7; (b) 6; (c) 5
3. "Services" includes such items as (a) airplane fares; (b) machinery; (c) soap.
4. In 1994, the U.S. imported goods and services worth a total of about (a) $711.3 billion; (b) $802 million; (c) $802 billion.
5. In 1994, people abroad bought U.S.-made consumer goods worth about (a) $60 billion; (b) $146.3 billion; (c) $21.3 billion.
6. In the automotive vehicles and parts category, the U.S. exported about (a) twice as much as it imported; (b) half as much as it imported; (c) the same amount that it imported.
7. What category of goods made up the largest share of imports *and* exports in 1994? (a) industrial supplies; (b) machinery; (c) automotive vehicles and parts.
8. In how many categories of goods did Americans export more than they imported? (a) 3; (b) 2; (c) 1
9. In 1994, the value of the services that the U.S. exported exceeded the value of those that the U.S. imported by about (a) $50 billion; (b) $55 billion; (c) $60 billion.
10. In 1994, the value of all imports to the U.S. exceeded the value of all exports by about (a) $71 billion; (b) $91 billion; (c) $111 billion.

Thinking Critically

Consumer goods—things bought and used largely by individual consumers—include such items as clothing, TVs and VCRs, sporting goods, rugs and motorcycles. In your opinion, why did Americans import consumer goods worth more than twice as much as the consumer goods they exported?

Sources: U.S. Bureau of the Census, Foreign Trade Division

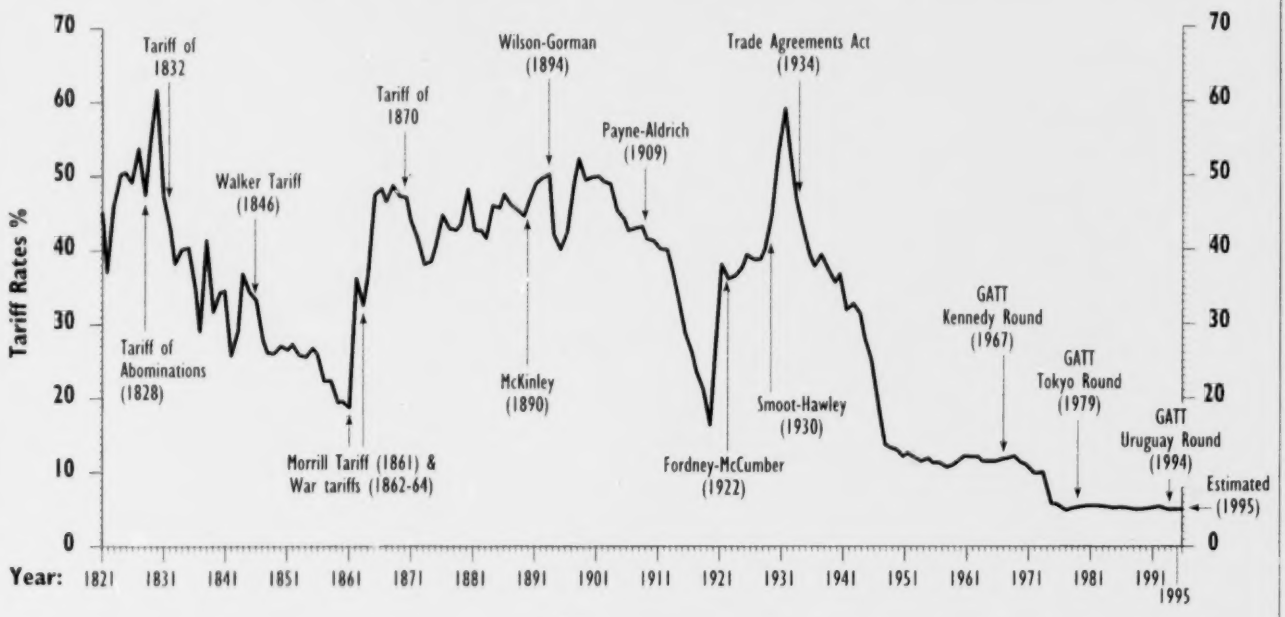
Teachers may make copies of this activity master to distribute to their classes

TRACK U.S. TARIFF RATES

The graph on this page reflects a debate that is as old as the nation. On one side of the debate are the "free traders," people who would do away with all or most taxes on imports. On the other side are the "protectionists," people who see tariffs as a means of keeping foreigners from competing—fairly or unfairly—with U.S. farmers and manufacturers.

When has the protectionist view had the edge in the debate? When has the free traders' argument been most persuasive? To find answers, complete the statements below.

Average U.S. Tariff Rates on All Imported Goods, 1821-1995



1. This graph tracks changes in the average rates of U.S. (a) business growth; (b) unemployment; (c) taxes on imports.
2. The graph measures tariff levels as a percentage of the value of (a) all imported goods; (b) imported manufactured goods only; (c) imported raw materials only.
3. From 1821 to 1995, average tariff rates reached their highest level in the years just after (a) 1828; (b) 1832; (c) 1932.
4. The act of Congress that pushed taxes on imports to their highest level was known as the (a) McKinley Tariff; (b) "Tariff of Abominations"; (c) Smoot-Hawley Tariff.
5. The Tariff of 1832, which removed the tax on imports of cheap raw wool and flax, made the average tariff rates (a) rise; (b) fall; (c) level off.
6. During the U.S. Civil War (1861-65), average tariff rates (a) rose; (b) fell; (c) leveled off.
7. Between 1870 and 1909, the average tariff stayed generally above (a) 60%; (b) 50%; (c) 40%.
8. During the 1900s, average tariff rates hit a peak at the time of (a) World War I (1917-1919); (b) the Great Depression (1929-1941); (c) World War II (1939-45).
9. After World War II, nations not under the control of the Soviet Union worked together to lower barriers to trade. Since 1947, several rounds of negotiations have been held under the name of the General Agreement on Tariffs and Trade (GATT). The most recent round of GATT talks concluded in (a) 1967; (b) 1979); (c) 1994.
10. In 1995, average U.S. tariff rates were estimated to be about (a) 3.5%; (b) 5%; (c) 7%.

Thinking Critically

Following World War II, the United States wanted to strengthen war-weary nations in order to keep them from adopting communism. In your view, how might lower U.S. tariff rates have helped other nations build strong free-market economies? How might lower worldwide tariff rates have helped U.S. businesses, as well?

Sources: Historical Statistics of the United States and Statistical Abstract of the United States

Teachers may make copies of this activity master to distribute to their classes.

DECIDE WHICH MARKET TO ENTER

Lavco, Inc., a major global consumer products company, needs your advice. It wants to sell more of its laundry soap in Asia. The soap has been popular in Country B for about 11 years. Yet Lavco has avoided Country A, where until the late 1980s most enterprises were run—poorly—by the government. Country A's new leaders have tried to chart a new course. To encourage private enterprise, they are trying to persuade foreign companies to set up shop there. One of Lavco's major competitors seems interested in doing just that. Lavco doesn't want this global competitor to get there first. But it doesn't want to risk a lot of money there, either.

Where would Lavco's money be better spent—in Country A or in Country B? In Country A, Lavco could retool a local factory, enabling it to produce Lavco's laundry soap. Then it could try to sell enough in this untested market to make the investment worthwhile.

In Country B, Lavco knows it could increase sales through advertising. But to meet the demand, it would have to build a new detergent factory.

What should Lavco do? Both choices would cost approximately the same amount—$20 million. Using the data on this page, come up with an argument for spending that money in Country A or Country B, but not both. Then try to persuade your classmates of your plan's wisdom.

	Country A	Country B
Population	45 million	21.5 million
Location	Southeast Asia	Eastern Asia
Comparative Size	Size of Texas	Size of Maryland plus Delaware
Terrain	Central lowlands ringed by rugged highlands	Rugged mountains in East slope down to plains
Telephones	53,000	7,800,000
Highways	27,000 km, mostly unpaved	20,041 km, mostly paved
Literacy rate	81%	86%
Political System	Military junta	Multiparty democracy
Legal System	In disarray	Well-organized and even-handed
Economy	Controlled by a mix of public (25%) and private (75%) ownership. Timber & rice account for 55% of exports.	Dynamic capitalist economy emphasizing manufacturing for export. Electronics & clothing account for 54% of exports.
Work Force	65% agriculture, 25% industry & trade.	53% industry & commerce, 22% services, 16% agriculture.
Gross Domestic Product	$41.4 billion ('94)	$257 billion ('94)
GDP per capita	$930 ('94)	$12,070 ('94)
Rate of economic growth	6.4% ('94)	6% ('94)
Inflation Rate	38% ('94)	5.2% ('94)
Expert Summary	Country A remains a poor country. But its rich resources furnish the potential for substantial long-term increases in income, exports, and living standards.	Country B has entered the ranks of industrialized countries in a span of two generations. Living standards and incomes are among the highest in Asia.

Source: *World Factbook 1995*

Questions to Guide Your Thinking

1. Which facts should Lavco pay most attention to when it makes its decision?
2. Which facts can decision-makers safely ignore?
3. What risks are involved in each plan?
4. Why might Lavco be worried about a competitor setting up shop in Country A?
5. How much weight should Lavco give to such facts as Country A's scarcity of telephones and paved roads?
6. Why might a corporation prefer to operate in a country with a strong, predictable legal system?
7. Why might a corporation prefer to operate in a country with a relatively high rate of economic growth?

Teachers may make copies of this activity master to distribute to their classes

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SPOT THE ADS THAT FIT

Marketing of soap products involves a lot of trial and error. This is especially true in the "global shopping mall," where successful marketers are sensitive to differences in the way people think and act.

Procter & Gamble learned this lesson when it entered the Japanese market. Before it was successful in Japan, the company had to learn a lot about the homemaker who bought and used P&G's products. And it had to tailor its ads to that homemaker's needs and tastes.

How well would you do as a marketer in Japan? Read "Profile of the Japanese Homemaker," below. Then decide which of the three ads would work in Japan.

Profile of the Japanese Homemaker

About half of all adult women in Japan work outside the home. However, almost no Japanese mothers work, and child-rearing is their top priority.

Japanese homemakers, like most Japanese, are more concerned than consumers elsewhere about germs and personal cleanliness. Japanese women use twice as much shampoo as Americans and Europeans do. They do twice as many washloads as American or European women.

Yet they have limited space, so most keep their washing machines outside their homes. They usually wash all their clothes with cold tap water—or, in the winter months, with leftover family bath water.

Also, the Japanese are exceptionally modest and polite. They generally dislike ad campaigns that compare one product unfavorably with another, because they consider putdowns to be in bad taste. However, they do respect facts that are properly presented.

RATE THE COMMERCIALS

In your view, which of the following ad campaigns were successful in Japan?

Advertisement #1

PRODUCT: Cheer Laundry Detergent

PREMISE: Cheer is the one detergent that will get clothes clean in three washing temperatures: hot, warm, and cold.

Explain why this ad was successful—or unsuccessful:

_____

_____

_____

_____

Advertisement #2

PRODUCT: Ariel Laundry Detergent

PREMISE: Homemakers who have used Ariel and its main competitor, Attack, prefer Ariel. (This point was made carefully, with plenty of facts to back it up.)

Explain why this ad was successful—or unsuccessful:

_____

_____

_____

_____

Advertisement #3

PRODUCT: Muse Antibacterial Soap

PREMISE: Mothers have a responsibility to protect their children from germs. Getting kids to wash their hands with Muse is the best way to fulfill that duty.

Explain why this ad was successful—or unsuccessful:

_____

_____

_____

_____

Thinking Critically

What ads directed at young people in the United States reflect the greatest understanding of the way teenagers think and act? Which ads aimed at teenagers miss the mark, and why? Write your answers on the back of this sheet.

Teachers may make copies of this activity master to distribute to their classes.

global visions

TODAY'S YOUTH AND THE WORLD ECONOMY

TRUE OR FALSE?

- People in more than 100 nations now watch U.S. pro basketball games on TV.
- A third of the 9,000 American-owned Foot Locker stores are located outside the United States.
- Safeguard, the soap produced by Procter & Gamble, one of the oldest companies in the United States, now outsells all other bar soaps in China's capital city, Beijing.

All are true. U.S. businesses have "gone global." They've gone abroad, where 95 percent of the world's people live, in search of customers.

Companies with superior products to sell are finding plenty of buyers. "People everywhere want to purchase the world's best without leaving home," explains Harvard professor Rosabeth Moss Kanter in her new book, *World Class*. Their demands, she says, have helped create a sort of "global shopping mall."

Americans are among that mall's most avid sellers and shoppers. People abroad bought $513 billion worth of American goods and services in 1994. Americans spent $663 billion

(Continued on Page 4)

American Business Goes Global

THE QUEST FOR QUALITY FUELS A REVOLUTION

cover story

Moscow shoppers learn about U.S. goods.

WELCOME to *Global Visions*, a newsletter designed to help you and other high school students explore the economic forces shaping your world. One of the most potent of these forces carries a real tongue-twister of a name: "globalization."

In one sense, globalization is a strategy—a way companies conduct business on a worldwide basis. In a larger sense, globalization is a process—the gradual knitting together of all the world's economies into one.

This issue of *Global Visions* will help you make sense of both meanings of the word. In the future we will look at why top companies spend heavily on research to give their products a technological edge. And we will devote an entire issue to the increased importance of education in the emerging global economy.

Introducing Global Visions

FIRST OF A SERIES

HOW DO YOU SELL a low-suds detergent for automatic washers in a country with few washing machines? Two years ago, Procter & Gamble managed this feat with their detergent Ariel in the North African nation of Morocco. And it did it in just a week's time, using a three-pronged success strategy:

1. Understanding what local consumers want;
2. Providing superior products to meet those wants; and
3. Searching the world for the best marketing ideas and applying them locally.

This success story began with a P&G manager's chance discovery that Ariel automatic, a detergent made for automatic washing machines, had a small but loyal following in Morocco. A rural *hanout*, one of Morocco's thousands of

(Continued on Page 2)

Inside a Moroccan hanout.

Selling Ariel in Morocco

case study

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Making Global Partnerships Work

A ROOKIE ENGINEER TALKS ABOUT A JOB HE LOVES

career rack

"YOU DON'T GET MORE international than this," says Harry Torimoto, 25, a mechanical engineer for the John Deere Industrial Equipment Division. Deere & Company, headquartered in Moline, Illinois, sells its agricultural and heavy construction equipment in 160 countries. And Harry, working in Dubuque, Iowa, conducts business with people in three of those countries every day. He is part of a team that is shifting the manufacture of excavating equipment from Japan to Mexico. "The last meeting we had," he recalls, "it was like the United Nations. We all sat around a U-shaped table, with the representatives from Japan on one side, from Mexico on another, and us on the third."

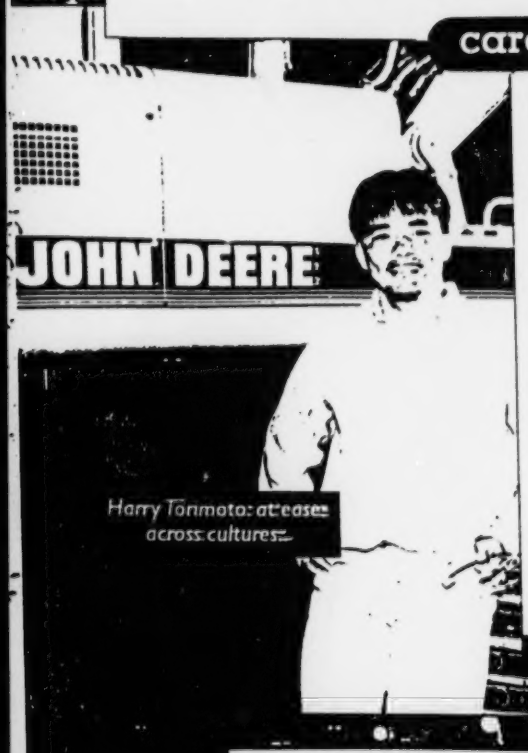
Few people could be better suited for a job with global duties. Harry grew up in Japan and New Jersey. He earned degrees in engineering and management from Stanford University, in California. Still a Japanese citizen, he moves easily between cultures.

This skill gives him an edge. "I write faxes to Japan in Japanese," he says. "And I get a response much faster than when I write in English, because they don't have to translate my memos and their replies."

His knowledge of Japanese customs is also a plus. "When we write memos in America, we just list what we want," he explains. "But when I send a fax to Japan, I spend the first two or three lines acknowledging how grateful I am for the assistance I'm receiving."

Sensitivity to cultural differences helps Harry appreciate how the preferences of Deere's customers often vary. "To the Japanese, image is very important," he says. "They're willing to spend a lot more for futuristic design. The North American market is very cost-sensitive. So in Mexico we'll be producing machines that balance our desires and those of our partner, Hitachi, while best meeting the needs of our customers."

His advice for high school students eager to do well in tomorrow's economy? "A foreign language is important," he says. "But having the ability to understand other cultures is even more important."



Harry Torimoto: at ease across cultures

SELLING ARIEL IN MOROCCO (Continued from Page 1)

small shops, had ordered a large shipment of Ariel. The P&G manager visited the shop to find out why. He learned that villagers had been told by their relatives in Northern Morocco that presoaking with Ariel got clothes cleaner. The Northerners had picked up this lesson from Spanish TV, whose signals reach Tangier, which faces the Strait of Gibraltar.

As soon as they discovered the Moroccans' interest in a presoaker, the group in charge of Ariel sprang into action. They were determined to seize the opportunity before competitors did. They designed a new package for Ariel. And they searched the world for an ad campaign that had worked well for Ariel in a nation where most laundry is washed by hand. They found just the right commercial in Mexico. Nicknamed "chacka-chacka," the ad showed a woman shaking a tub of soaking laundry, mimicking the action of a washing machine.

The Ariel group adapted "chacka-chacka" for the Moroccan market and put it on air. Soon millions of Moroccans learned about Ariel's benefits. Today Ariel Trempage (French for "soak") is the detergent of choice for four out of every five Moroccans who presoak their laundry.

Ariel's success in Morocco was quick. But it was no accident. The brand's marketers based their plans on three proven principles. They identified the consumer's wants. They packaged a superior product to meet them. And they introduced the product with ideas tested elsewhere. This potent formula for global success is used by world-class companies everywhere.

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Pioneers in the New Russia

YOUNG RUSSIANS POINT THE WAY TO PROSPERITY

regional focus

CAN ONE COMPANY change a nation? If the nation is Russia—for more than 70 years a foe of profit, competition, and private ownership—the answer is yes. Western companies like Procter & Gamble are changing the way Russians think about business. And in so doing they are building a path to prosperity based on the idea of giving consumers what they want. Under the old system, the government—not the consumer—decided what would be made and sold.

The agents of change are mostly young Russians in their twenties. About 150 of them work out of the offices of P&G Russia in the cities of St. Petersburg and Moscow. All are eager to explain what their work means to them—and to their country. "P&G is bringing good things to our people," says Lilia Smirnova, who helps purchase P&G Russia's supplies. "Even small things, like a sufficient supply of detergent. It's a good feeling, being a pioneer in this new Russia."

P&G brings a new way of thinking, too. "We sell not only products," says Slava Abramov, one of P&G Russia's star salesmen, "but also ideas on how to do business."

Abramov recalls what happened when he first tried to persuade a group of store managers to carry P&G brands. He told them he would put the products on their shelves and even promote them with in-store ads. "They were shocked," he says. "No one ever did this before. They used to just get a batch of product [from a government factory] and not care whether they sold it."

In Russia, consumers like these Muscovites command new respect.

Volodia Sobolev, an accountant, had to teach managers at a partly P&G-owned detergent factory near Moscow that it's *not* okay to lose money. "I needed to help them work as a private enterprise, to convince them they need profit to stay prosperous," she says. "In the West, people understand this. Here, we need to persuade."

"Sometimes it's difficult being one of the new thinkers in Russia," says Slava Abramov. "You have to keep explaining things."

But he has no choice. P&G's fate in Russia depends on the fate of its customers—the store managers with whom it deals. "We have learned over the years that the best way for us to be successful is to help our customers be successful," says John E. Pepper, P&G's chairman. "So we are working to follow that same lesson in Russia, by providing our customers with information that will help them succeed." Over time, lessons like these can—and do—change nations.

Lilia Smirnova

Slava Abramov

Learning from Ronald McDonald

A "McBISTRO" OPENS IN MOSCOW

IN THE GLOBAL marketplace, good ideas are bound to be copied—and given a local twist. In 1990, McDonald's brought the concept of fast food to Russia's capital city, Moscow. And now a Russian company has launched a competing chain, Russkoye ("Russian") Bistro.

Its menu boasts Russian favorites like borscht (beet soup), potato pancakes and vodka. "You can't compare what we do with what McDonald's does," Aleksei Bryilovsky, the restaurant's 29-year-old manager, told a reporter. "They sell hamburgers, but this food is in the Russian blood."

That may be so. Yet the American restaurant on Pushkin Square has become Moscow's biggest tourist attraction—and the world's busiest McDonald's.

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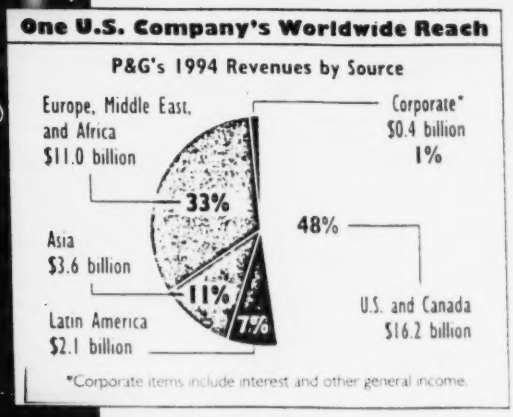
AMERICAN BUSINESS GOES GLOBAL *(Continued from Page 1)*



for goods made in countries throughout the world.

Lots more than a quest for quality is at play here. Agreements between nations to drop barriers to trade also fuel the trend toward "globalization," or the linking up of all the world's economies. New technologies that make it easy to cross borders electronically have had a big impact, too.

Globalization has forced businesses everywhere to reinvent themselves. "We were founded in Cincinnati in 1837," says John E. Pepper of Procter & Gamble, the company he heads. "For most of our history we were a U.S. company that did a little offshore business. Today, we see ourselves as a truly global company—not one made up of separate U.S. and International operations."

P&G sells more than 300 products in more than 140 countries. "We have strong organizations on the ground in 58 countries serving a population of over 4.6 billion people," Pepper says. "That's 26 more countries and 3.6 billion more consumers than we were serving 10 years ago."

What are the advantages of globalization? For consumers, two stand out: higher quality and lower prices. Worldwide competition requires producers to improve their products while shaving costs.

SPEED COUNTS

For companies and the people who work for them, globalization creates both new opportunities and new pressures. Businesses must now try to please consumers in many countries at once. In part, that means finding faster ways to serve them. "It's not going to be the large that eat the small," says Robert Lutz, the president of Chrysler, "but the swift that eat the slow."

Anyone who has done business in the global shopping mall knows what Lutz means. Excellence is built into all products today. So, successful companies must do more. They must be quick to spot consumers' wants and be the first to satisfy them. "We have to be faster on our feet," says John Pepper, "and we have to do it without compromising quality."

Key to 21st-Century Success: "CONTINUOUS LEARNING"

Interview

WHAT STEPS can young people take now to make sure they're ready for the 21st-century economy? **Global Visions** ***asked Charlotte Otto, Vice President of Public Affairs for P&G Worldwide.***

Q: What's the key to success in the emerging global marketplace?

A: Continuous learning. Good jobs require more of workers than ever before. So to get hired you need more skills than ever before. And to hold onto a job, you must upgrade your skills daily, to keep them equal to those of anybody anyplace in the world.

Q: What's the best way to get started as a continuous learner?

A: Take history classes, and read the newspaper every day. Newspapers keep you current. History helps you place events in context. This ability is essential in problem-solving, which is a key to on-the-job success.

Q: Can you give an example?

A: Sure. At P&G's plant in Lima, Ohio, about 350 people make products like Tide, Era, Downy, and Biz. Working in teams, they basically manage themselves. They're responsible for safety, production targets, quality goals, and much more. In a word, they act like owners. The plant's success depends on how well they understand their jobs and on their skill as problem-solvers. And so does their pay.

Q: Their pay?

A: Yes. Technicians at Lima work on a five-level, skill-based pay system. To go from one level to the next, they must prove to teammates that they are experts at a particular manufacturing process. To reach the highest level—something three out of five do—they've got to prove they're good at parts of the business that aren't directly related to making a product. Many run training programs, because on-the-job training never stops. Experts have called the Lima plant "an organization that learns." That's really true. Continuous learning is what keeps the plant world-class.

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